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PUBLIC UTILITIES
COMMISSION

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
Kekuanaoa Building, Room 103
465 South King Street
Honolulu, Hawaii 96813

Dear Chairman Caliboso, Commissioner Cole, and Staff:

Re: Docket No. 03-0371 - In the Matter of the Public Utilities Commission
Instituting a Proceeding to Investigate Distributed Generation in Hawaii

The Division of Consumer Advocacy ("Consumer Advocate") is in receipt of your letters dated October 24 and 26, 2006, which identify the United States Environmental Protection Agency ("EPA"), Climate Protection Partnerships Division, as consultants who will assist the Public Utilities Commission ("Commission") in its review of the electric utilities' proposed tariffs. The Commission stated that it would like to use the professional services of Mr. Joe Brysen and Ms. Katrina Pielli, and requested that the parties note any objections to their participation in writing by November 9, 2006.

The Consumer Advocate does not object to the EPA's assistance to the Commission in this docket. To the contrary, Mr. Brysen and Ms. Pielli appear well qualified to assist the Commission in its review of the tariffs. We question, however, whether the instant docket is the best proceeding to address the reasonableness of the filings. It is our belief that a review of Hawaiian Electric Company, Inc. ("HECO") and its subsidiaries' (collectively, the "HECO Companies") proposed Interconnection Tariff and Standby Rate Tariff in the instant docket will not provide the Commission and the

parties with the best information available to adequately review such tariffs, especially since all of the HECO Companies will shortly have applications for general rate increases before the Commission. We contend that the analyses of the HECO Companies' standby rates can best be done in the context of a rate proceeding when the revenue requirement based on current information is available, and the rates established to recover that revenue requirement are considered. Thus, the review of the HECO Companies' Interconnection and Standby Rate tariffs should be done in connection with the development of the HECO Companies' remaining rates and with current rate support data, like, for example, cost of service studies. The Consumer Advocate therefore requests that the Commission reconsider the need to retain the EPA consultants in the instant proceeding, and instead have the consultants address the need, if any, to modify the HECO Companies' proposed tariffs in each of the HECO Companies' rate case dockets. This will afford the Commission's consultants and the Consumer Advocate an opportunity to perform a thorough analysis of the rate impacts of such tariffs.¹

If you have any questions, please do not hesitate to contact me at any time. Thank you for the opportunity to present the Consumer Advocate's position on the aforementioned matter.

Sincerely,



Catherine P. Awakuni
Executive Director

CPA:dl

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¹ As stated in our October 3, 2006 letter to the Commission, the Consumer Advocate intends to address any concerns with KIUC's filing in conjunction with its review of KIUC's net metering tariff transmittal, to ensure consistency in the analyses to be performed for both filings.